

Title of report: Revised Debt Recovery Policy

Decision Maker: Cabinet Member Corporate Strategy & Budget

Report by: Head of Strategic Finance

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose

To review and agree the updated Debt Recovery Policy.

Recommendation(s)

That:

- (a) The updated Debt Recovery Policy is agreed and implemented from 1 September 2022**

Alternative options

1. The alternative option is to continue with the existing debt recovery policy. The current policy is considered to be unfit for purpose and therefore not approving an update is not recommended.

Key considerations

2. The proposed, debt recovery policy at Appendix 1, details how Herefordshire Council will collect and recover income due in line with relevant legislation and best practice.
3. The updated policy details the principles to be applied to debt collection across the council to ensure that all monies due are collected with monies owed kept to a minimum. The existing debt recovery policy has been in place since May 2016 and requires updating to ensure it is fit

for purpose, minimises aged debt and uses best practice to collect monies owed in the most appropriate manner in full recognition of the debt and debtor circumstances.

4. The council has both a legal duty and a responsibility to its citizens to ensure that income due is collected promptly in accordance with the policy and appropriate action is taken to recover outstanding debt in full consideration of circumstances and values involved. The key policy changes relate to:
 - (a) To reflect the implementation of the Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020
 - (b) Insertion of a new section on Fraud Prevention Privacy Notice
 - (c) Insertion of a new section on “Fines”
 - (d) Amendments to the Debt Collection Process table in section 6 – in the notes section of Council Tax it now states “discounts and exemptions to be considered” whereas previously it stated “Hardship Policy to be considered”
 - (e) Charges for care and support – additional information included
 - (f) Additional information on matters to be considered by the Council in deciding whether to pursue a debt or not
 - (g) Insertion of a new section 5 in Appendix A to the policy at Appendix 1 which sets out the reasons for raising a dispute
 - (h) New section on complaints in Appendix A to the policy at Appendix 1
 - (i) Updates to the authorisation limits in Annex B1
5. The updated policy is part of a wider exercise that is being undertaken by officers in which Debt Recovery projects groups have been established in respect of the different categories of debts owed to the Council and these groups will report progress on debt collection to the Council’s Director of Finance & Assurance.
6. The policy provides clarity on the enforcement regimes followed when the customer does not make arrangements for payment after the invoice and reminders are sent. Service areas are required to comply with the policy regime to ensure it works effectively.

Community impact

7. The revised policy provides greater transparency, which is essential for customers, service users and service areas to fully understand the payment terms and the debt collection regime in place.
8. The policy supports the Council’s commitment to make effective use of its financial resources to deliver the priorities within the Corporate Plan.

Environmental Impact

9. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors Further information on the subject of this report is available from Rachael Hart, Head of Strategic Finance at Rachael.hart@herefordshire.gov.uk

we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.

10. Whilst this is a factual summary and will have minimal environmental impacts, consideration will be made to minimise waste and resource use in line with the Council's Environmental Policy when spending reserved funds.

Equality duty

11. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
12. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.
 13. The policy provides a number of relief options, including hardship, discretionary and mandatory reliefs.
 14. An equality impact assessment has been completed and is provided at Appendix B

Resource implications

15. The report is a financial report in itself and is designed to ensure that the Council can recover monies due to it on a timely basis but in accordance with relevant legislation and generally accepted good practice.
16. There are no direct financial implications arising from the approval of the policy.

Legal implications

17. There is no legal requirement to have a policy, but by doing so, it provides clarity for the council and members of the public in terms of on what processes Herefordshire Council will follow in determining how to manage certain types of debt.
18. There are no direct legal implications arising from the approval of the policy.

Risk management

19. The policy will mitigate the risk of not collecting monies owed to the council. If the policy was not approved the risk of loss of funds would be increased. Supporting the revised policy aims to

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minimise these risks to an acceptable level.

Consultees

None

Appendices

Appendix 1 – Debt Recovery Policy

Background papers

None identified